



City of Arts & Innovation

News Release

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City of Riverside Institutes Hiring and Purchasing Freeze to Manage Budget

City is working to close estimated \$7.2 million deficit in current fiscal year, which ends June 30

RIVERSIDE, Calif. – City Manager John A. Russo on Thursday (5/12) directed all department heads in the City of Riverside to freeze hiring and purchasing through June 30 as the City continues to work through an estimated \$7.2 million budget deficit in the existing fiscal year ending June 30 and an estimated \$11 million deficit in the next fiscal year.

Russo made the move, which takes effect on Friday, after receiving a report on how revenues received through the third quarter of the fiscal year, which covered the period of January-March, compared to projections for the same period. That report indicated that the imbalance between the City's income and expenditures did not get much worse than expected, but did not get any better either.

"Our latest information demonstrates that we will end fiscal year 2015-16 with a deficit," Russo said. "Under these circumstances, we should not spend any money that is not absolutely required by contract or necessary to protect the public's health and safety."

The freeze affects General Fund spending only and includes items like travel, training, supplies, professional services and other discretionary items. With limited exceptions, work that would incur a cost to the General Fund must be suspended and non-essential items must be returned.

Recruitment of new employees will be suspended, except in rare cases; offers of employment that have not been accepted will be frozen; and no new purchase orders or requests for proposals will be issued. Purchasing cards that are paid out of the General Fund will be suspended.

Any item with the potential for affecting health and safety will be evaluated for possible exemption. The freeze does not affect special funds, like those of Riverside Public Utilities, which provides water and power to residents and businesses.

The City's Finance Department will evaluate, on a case-by-case basis, claims against the City, work performed by contractors prior to May 13, previously-ordered supplies and services and construction expenses.

“These are serious measures for serious times,” Mayor Pro Tem Mike Soubirous said. “We must take concrete steps to reduce our spending and secure the City’s financial future.”